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Natural Resources Governance Program: Strengthening Governance in Natural Resources

What are Nepal's key issues in the natural resources management sector?

Rural farmers constitute 80% of Nepal's 23 million people. They rely on land, livestock and common property resources, such as forests and water, for their livelihoods. Since the late 1970s, Nepal has experimented with different strategies to decentralize the management of natural resources. Now, more than 8 million farmers manage 1.2 million hectares of forest through community forestry user groups, which has lowered deforestation rates from 3.7% to .5% per year. Management of canals for some government-built irrigation systems are being transferred to local water users associations to improve maintenance and year-round access to water throughout the entire system. In addition, hydropower policies now require community involvement in scoping exercises and environmental impact evaluations. Despite these initiatives, effective governance – transparency, participation and accountability – remains elusive. Problems persist in distributing costs and benefits with respect to revenues, resources, and workloads (such as access to electricity or district funds from hydropower royalties, maintenance of irrigation canals, protection and management of forests as well as collection of forest products). Local people lack access to information about their legislated rights and responsibilities; elected officials or committee members are not accountable and transparent; disadvantaged groups (women, disadvantaged castes, and ethnic minorities) are excluded from participating in decision making; and provisions to share common property resources equitably or equally inevitably gives the poor the worst deal since they lack sufficient private stocks of resources, such as land, water and trees.

- More than 75% of Nepal's energy comes from fuelwood.
- More than 50% of Nepal's population is landless or nearly landless, largely dependent on common property resources for their subsistence.
- Out of Nepal's 2.46 million hectares of cultivable land, only 1.76 million hectares are considered irrigable and of those only 1.1 million hectares are irrigated.
- Restrictive government policies, such as the decisions to handover only degraded areas to community-based management and to apply escalating taxes on forest product sales, threaten the future of community forestry.
- Only 7% of Nepal's rural population has electricity.

What does USAID do to support the Government of Nepal in natural resources management?

Natural resources, such as water and forests, are central to the lives and livelihoods of most rural Nepalis. Building on its experience with irrigation and the forestry sector, USAID supports a \$7.2 million program (2002-2006) to strengthen governance in natural resources management. It promotes accountable, transparent and participatory management approaches, biodiversity conservation and efforts to mitigate adverse impacts from hydropower projects. Activities include: increasing the technical and managerial capacities of community forestry and buffer zone user groups for sustainable forest management; assisting water users associations to increase the distribution and flow of irrigation water, and to improve their fiscal management and collection of user fees to maintain canal systems; and supporting communities affected by hydropower

development, through monitoring of environmental impacts and providing training on how to advocate more effectively for royalties supplied to the district, and by uniting communities, hydropower developers and local government line agencies to resolve issues and concerns.

What are the results?

USAID's support for natural resource management has proven to be one of the most longstanding and successful development assistance programs in Nepal. USAID has:

- Pioneered community forestry approaches (to devolve management and use rights over forest areas to local people), which became law with the passage of the Forest Act (1993) and Regulations (1995).
- Supported the formation of more than 1,700 community forestry user groups that manage and protect 163,000 hectares of forest.
- Assisted in transferring the management of irrigation systems serving 67,000 hectares of land to local farmers, improving the distribution of water and maintenance of canals.
- Supported communities affected by hydropower projects, through training, capacity-building, and developing strategies to influence how district royalties from hydropower revenues are used and distributed.
- Assisted the Institute of Forestry in curriculum development, training, and applied research, in order to develop skilled personnel for community forestry and other resource management activities.

Who are the key partners?

USAID is part of a large external development partner community working in partnership and collaboration with the Ministry of Forest and Soil Conservation and the Ministry of Water Resources. Donor partners include the British Development Agency, Swiss Development Agency, Danish Development Agency, Netherlands Development Agency, Australian Development Agency, and the German Development Agency. Projects are implemented by international and local non-governmental agencies and user groups.

For more information:

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